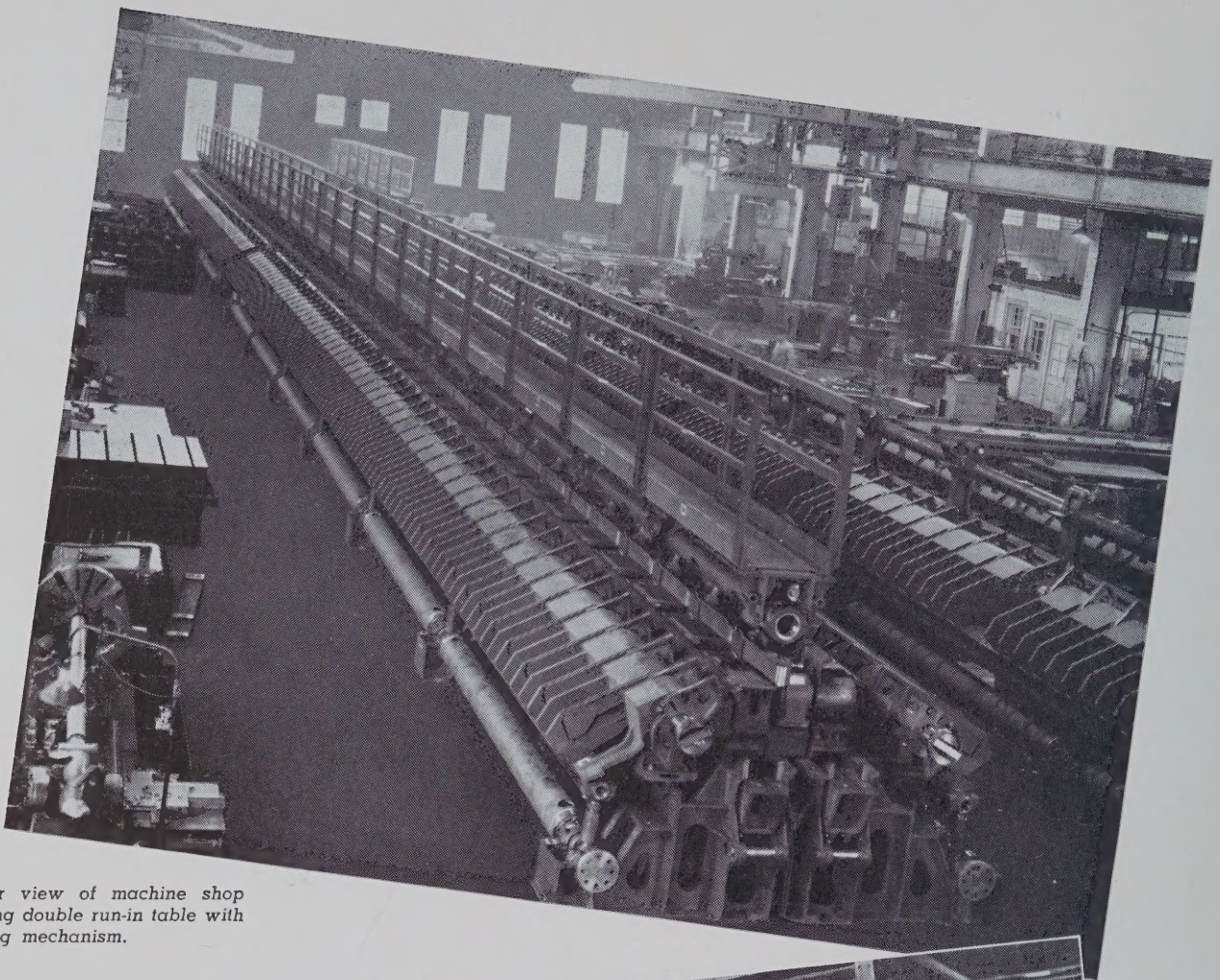


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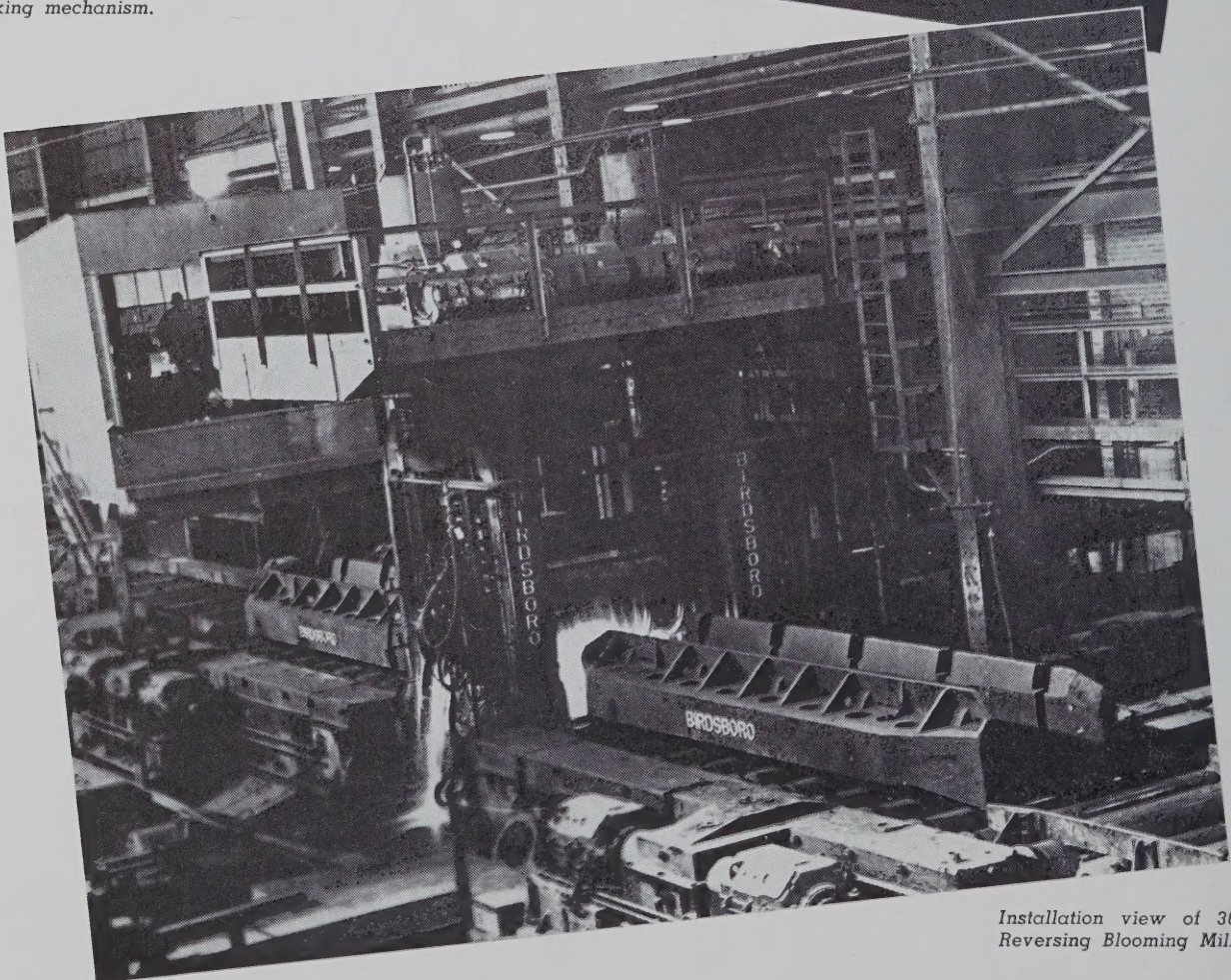
55th ANNUAL REPORT 1949

BIRDSBORO

STEEL FOUNDRY AND MACHINE CO.



Interior view of machine shop showing double run-in table with packing mechanism.



Installation view of 36" - 2 hi Reversing Blooming Mill.

BIRDSBORO STEEL FOUNDRY AND MACHINE COMPANY

BIRDSBORO, PA.

ANNUAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 1949**

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Birdsboro, Pennsylvania

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BROWN BROTHERS HARRIMAN & CO.
Philadelphia, Pa.

THE PHILADELPHIA NATIONAL BANK
Philadelphia, Pa.

TO THE SHAREHOLDERS:

This Annual Report covers operations of Birdsboro Steel Foundry and Machine Company for the year 1949 and is presented on behalf of the Board of Directors.

RESULTS OF OPERATIONS

Statements of Income and Earned Surplus for the years ended December 31, 1949 and 1948, together with a Balance Sheet as of December 31, 1949, and a report of Lybrand, Ross Bros. & Montgomery, certified public accountants, are shown on pages 8 to 11.

Net income for 1949, after allowance for depreciation, amortization, accrual for taxes and other deductions, amounted to \$234,055, equal to \$1.18 per share on the Company's outstanding 198,500 shares of capital stock, as compared with net income of \$173,170, or 87c per share, for the year 1948.

During 1949, a dividend of fifteen cents per share was paid on each of the following dates: March 29, June 28, October 13 and December 15, and an extra year-end dividend of twenty-five cents per share on December 15, making a total dividend disbursement of \$168,725, equal to 85c per share on the capital stock.

Net Sales for 1949 amounted to \$8,413,740, compared with \$8,595,271 in 1948.

Work in Process and Finished Products, net of partial billings of manufacturing costs, as of December 31, 1949, were \$682,357 as compared with \$1,274,632, same date in 1948, a decrease of \$592,275.

Orders booked during 1949 amounted to \$5,188,878 compared with \$8,725,505 in 1948, a decrease of \$3,536,627.

Unfilled orders at the close of the year 1949 were \$2,254,459 composed of \$1,862,848 for machinery and \$391,611 for steel and iron castings and rolls. This total compares with \$5,921,732 composed of \$4,112,150 for machinery and \$1,809,582 for steel and iron castings and rolls at the end of 1948.

Orders received thus far in the first quarter of 1950 are encouraging and prospects for further business remain favorable. With these additional orders,

the back-log of business as of March 1, 1950 is \$4,382,000 as compared with \$2,254,459 at the end of 1949, as above reported.

The Company continues to receive inquiries for heavy machinery of its design in substantial amounts, both domestic and for export, and there appears to be a trend toward resumption of railroad purchasing of freight car equipment.

TAXES

Provisions for Federal, State, Property, Social Security and other taxes were \$331,824 in 1949 as compared with \$297,289 in 1948. Federal income taxes have been examined and settled through 1946 by the United States Treasury Department.

PROPERTIES

During the year 1949, \$304,313 was spent for plant improvements, consisting of \$11,693 for buildings and \$292,620 for machinery and equipment, which compares with \$190,291 in 1948 consisting of \$12,895 for buildings and \$177,396 for machinery and equipment.

Maintenance and repairs to the Company's buildings and equipment in 1949 charged to operating costs was \$324,915 compared with \$399,961 in 1948.

Depreciation charges for the year 1949 were \$180,712 compared with \$190,961 in 1948.

FINANCING

In 1947, the Company reported having made a five-year term loan of \$500,000 for the purchase of certain Government-owned facilities operated by the Company during the War. Of this amount, \$280,000 has been repaid, leaving a balance of \$220,000 as of December 31, 1949.

PERSONNEL

Total compensation paid to employees during 1949 was \$3,441,692 compared with \$4,061,295 in 1948.

Number of employees at the close of the year was approximately 1000 compared with 1300 at the end of 1948.

The number of stockholders is approximately 800.

Under the Profit-Sharing Plan for employees, \$22,542 was set aside by the Company during 1949, which compares with \$14,721 in the year 1948. Under the Plan as amended January 1, 1947, the funds set aside are held in trust until an accumulation of at least \$25,000 is available to be distributed through the purchase of annuities for employees. With the transfer to the Trustee of the amount set aside for 1949, the funds accumulated in the hands of the Trustee since January 1, 1947 aggregated \$46,284. Whereupon, the Trustee, in March 1950, paid this aggregate amount to the insurance company, designated under the Plan, for the purchase of employees' annuities.

The cost of the Pension Plan for 1949 amounted to \$81,562 compared with \$82,329 in 1948.

CONCLUSION

It is the policy of the Company to pursue actively, development of its present products and improve its engineering designs. An efficient staff of engineers is maintained for this purpose.

Agencies established to assist the Sales organization have contributed to the expansion of the Company's markets by providing a wider distribution. An active advertising campaign is being pursued.

A list of the diversified line of products sold and manufactured by the Company is on page 12.

Manufacturing facilities are maintained in good operating condition and modernization of equipment continues for the purpose of lowering costs and increasing efficiency, both in the foundries and machine shops. The Company is installing a welding department to manufacture weldments to be used in machinery of its design which previously were purchased from outside fabricators. Tool replacement has been started and careful consideration is being given to this matter in keeping with our financial condition.

The management sincerely appreciates the continued cooperation between directors, officers and employees and is grateful for the support of its customers and stockholders.

Respectfully submitted by order of the Board of Directors,

JOHN E. McCAULEY,

President





AIRPLANE VIEW OF MAIN PLANT AND OFFICE
BIRDSBORO STEEL FOUNDRY & MACHINE CO.
BIRDSBORO, PA.

BIRDSBORO STEEL FOUNDRY
BALANCE SHEET,

ASSETS:

Current:

| | | |
|--|------------------------|-------------------------------|
| Cash in bank and on hand | \$ 601,054.01 | |
| Accounts and notes receivable, trade, net of allowances.. | 423,129.67 | |
| Inventories, at cost or market, whichever the lower: | | |
| Finished product | \$ 94,476.80 | |
| Work in process | 1,017,772.30 | |
| Raw materials and supplies | 665,894.06 | |
| | <u>\$ 1,778,143.16</u> | |
| Less partial billings of manufactur- ing costs | 429,892.36 | |
| | | 1,348,250.80 |
| Other current assets | | <u>103,285.22</u> |
| Total current assets | | \$ 2,475,719.70 |
| Notes receivable, trade, due in installments after 1950 | | 125,677.22 |
| Cash surrender value of insurance on lives of officers | | 65,873.47 |
| Real estate, plant and equipment, at cost | \$ 5,828,370.77 | |
| Less allowances for depreciation and amor- tization | 3,719,496.00 | |
| | | <u>2,108,874.77</u> |
| Other assets: | | |
| Patent licenses and patents, at cost, less amortization | \$ 22,477.68 | |
| Deferred accounts | 67,795.45 | |
| | | <u>90,273.13</u> |
| | | <u><u>\$ 4,866,418.29</u></u> |

AND MACHINE COMPANY

December 31, 1949

LIABILITIES:

Current:

| | |
|--|---------------|
| Notes payable, banks, installments due in 1950 | \$ 112,000.00 |
| Accounts payable, trade | 194,636.42 |
| Accrued accounts, including \$213,600 for estimated Federal and State income taxes for the year 1949 | 445,114.06 |
| Advances received on sales contracts | 204,198.00 |
| Other current liabilities | 5,491.01 |
| Total current liabilities | \$ 961,439.49 |
| Notes payable, banks, installments due in 1951 | 108,000.00 |
| Deferred income on partial billings against uncompleted contracts | 89,122.73 |

Reserves:

| | |
|---|-------------------|
| For repairs | \$ 47,029.67 |
| For contingencies (Surplus reserve) | 200,000.00 |
| | <u>247,029.67</u> |

CAPITAL:

Capital stock, common, without nominal or par value, stated value \$2 per share:

| | | |
|--|--------------|------------------------|
| Authorized | 250,000 shs. | |
| Unissued | 50,000 shs. | |
| Issued | 200,000 shs. | \$ 400,000.00 |
| Capital surplus (no change during 1949) | | 1,147,618.38 |
| Earned surplus, as annexed | | 1,922,958.02 |
| | | <u>\$ 3,470,576.40</u> |
| Less treasury stock, 1,500 shares, at cost ... | | 9,750.00 |
| | | <u>3,460,826.40</u> |
| | | <u>\$ 4,866,418.29</u> |

NOTE: The notes payable to banks have been issued pursuant to a loan agreement which provides, among other things, that the company maintain net working capital of not less than \$1,000,000.

STATEMENT OF INCOME
for the years ended December 31, 1949 and 1948.

| | 1949 | 1948 |
|---|-----------------------------|-----------------------------|
| Net sales | \$ 8,413,740.80 | \$ 8,595,271.09 |
| Cost of sales, exclusive of depreciation and amortization | 6,872,759.58 | 7,244,857.68 |
| | <u>\$ 1,540,981.22</u> | <u>\$ 1,350,413.41</u> |
| Selling, engineering, administrative and general expenses, exclusive of depreciation and amortization | 849,815.38 | 803,851.99 |
| | <u>\$ 691,165.84</u> | <u>\$ 546,561.42</u> |
| Depreciation of plant and amortization of patent licenses and development costs. . . | 214,697.52 | 224,884.27 |
| | <u>\$ 476,468.32</u> | <u>\$ 321,677.15</u> |
| Other income, net of other deductions | 24,236.12 | 22,752.01 |
| | <u>\$ 500,704.44</u> | <u>\$ 344,429.16</u> |
| Management bonus (including provision under employees' profit-sharing plan, \$22,542.27 in 1949 and \$14,721.46 in 1948) | 55,094.06 | 38,759.15 |
| | <u>\$ 445,610.38</u> | <u>\$ 305,670.01</u> |
| Provision for estimated Federal and State income taxes (net of adjustments in 1949 of \$2,044.76 applicable to prior years).. | 211,555.24 | 132,500.00 |
| | <u>211,555.24</u> | <u>132,500.00</u> |
| Net income | <u><u>\$ 234,055.14</u></u> | <u><u>\$ 173,170.01</u></u> |

STATEMENT OF EARNED SURPLUS
for the years ended December 31, 1949 and 1948.

| | 1949 | 1948 |
|--|-------------------------------|-------------------------------|
| Balance at beginning of year | \$ 1,857,627.88 | \$ 1,734,082.87 |
| Net income from statement of income | 234,055.14 | 173,170.01 |
| | <u>\$ 2,091,683.02</u> | <u>\$ 1,907,252.88</u> |
| Less dividends paid in cash (1949 — 85 cents, 1948 — 25 cents) | 168,725.00 | 49,625.00 |
| | <u>168,725.00</u> | <u>49,625.00</u> |
| Balance at end of year | <u><u>\$ 1,922,958.02</u></u> | <u><u>\$ 1,857,627.88</u></u> |

REPORT OF ACCOUNTANTS

To the Shareholders,

BIRDSBORO STEEL FOUNDRY AND MACHINE COMPANY,

BIRDSBORO, PENNSYLVANIA.

We have examined the balance sheet of the BIRDSBORO STEEL FOUNDRY and MACHINE COMPANY as of December 31, 1949, and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had previously made a similar examination for the year ended December 31, 1948.

In our opinion, the accompanying balance sheet and statements of income and earned surplus present fairly the financial position of BIRDSBORO STEEL FOUNDRY and MACHINE COMPANY at December 31, 1949, and the results of its operations for the years ended December 31, 1948 and 1949, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY
Certified Public Accountants

Philadelphia, Penna.,
March 1, 1950.

LIST OF PRODUCTS MANUFACTURED BY THE COMPANY

STEEL MILL EQUIPMENT

| | |
|-------------------------|----------------------------|
| Blooming and Slab Mills | Billet and Sheet Bar Mills |
| Merchant and Rod Mills | Structural and Bar Mills |
| Strip and Sheet Mills | Seamless Tube Machinery |
| Cold Reducing Mills | |

AUXILIARY EQUIPMENT

Furnace Pushers, Tables, etc.
Bloom, Plate and Bar Shears (Stationary, Down and Up Cut and Flying)
Special Pack-Annealing and Standard Hot Beds
Plate Levelers, Gag Presses, Straightening Machines for shapes, rounds and tubes
Flanging Machines for hot flanging and dishing
Special Labor Saving Machinery

HYDRAULIC MACHINERY

HYDRAULIC PRESSES

For metal drawing, forming, stamping, coining, sizing, straightening, flanging, piercing, etc.

For compression and transfer plastic molding, plastic laminating, linoleum, asbestos, rubber and other process industries.

AUXILIARY EQUIPMENT

Hydraulic accumulators, operating, check and stop valves, etc. for high pressure service.

BIRDSBORO-BUCHANAN CRUSHING MACHINERY

Large and intermediate primary jaw crushers
Finishing crushers
Crushing rolls

BIRDSBORO-MULHOLLAND GRINDING AND POLISHING MACHINES

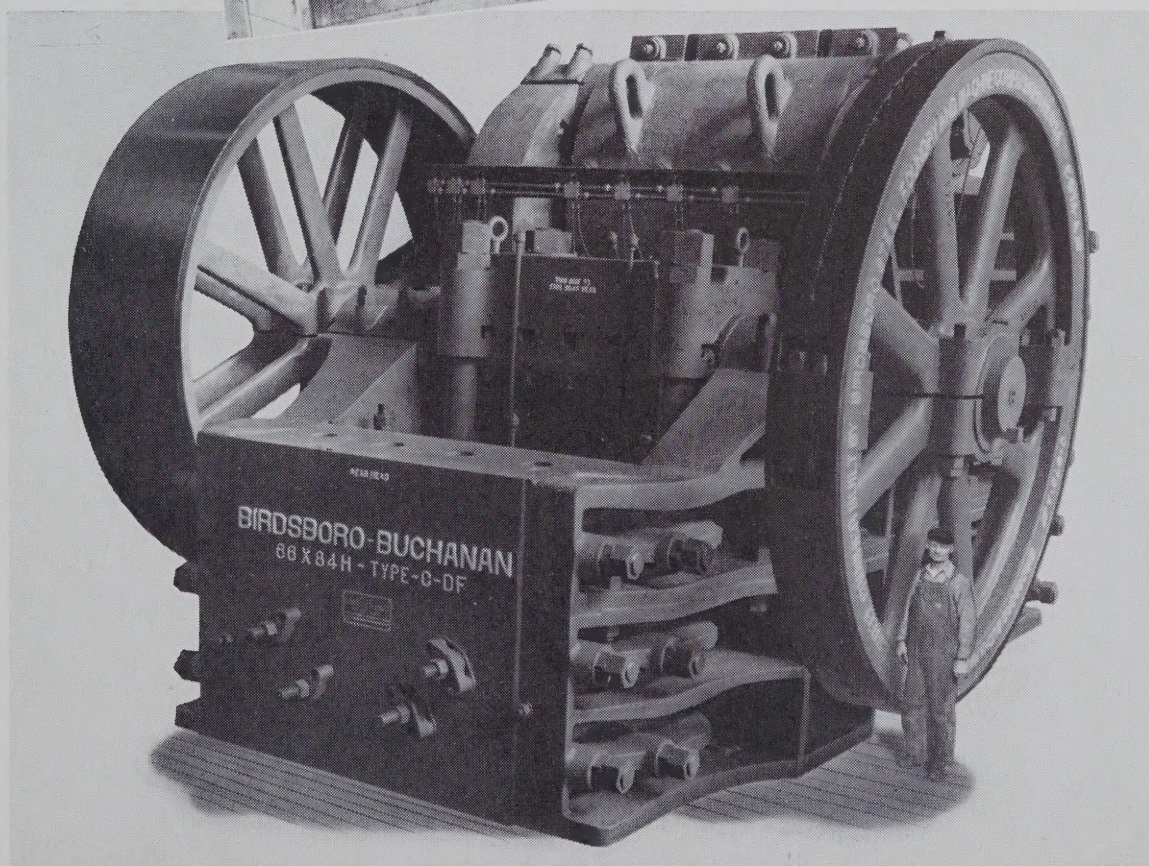
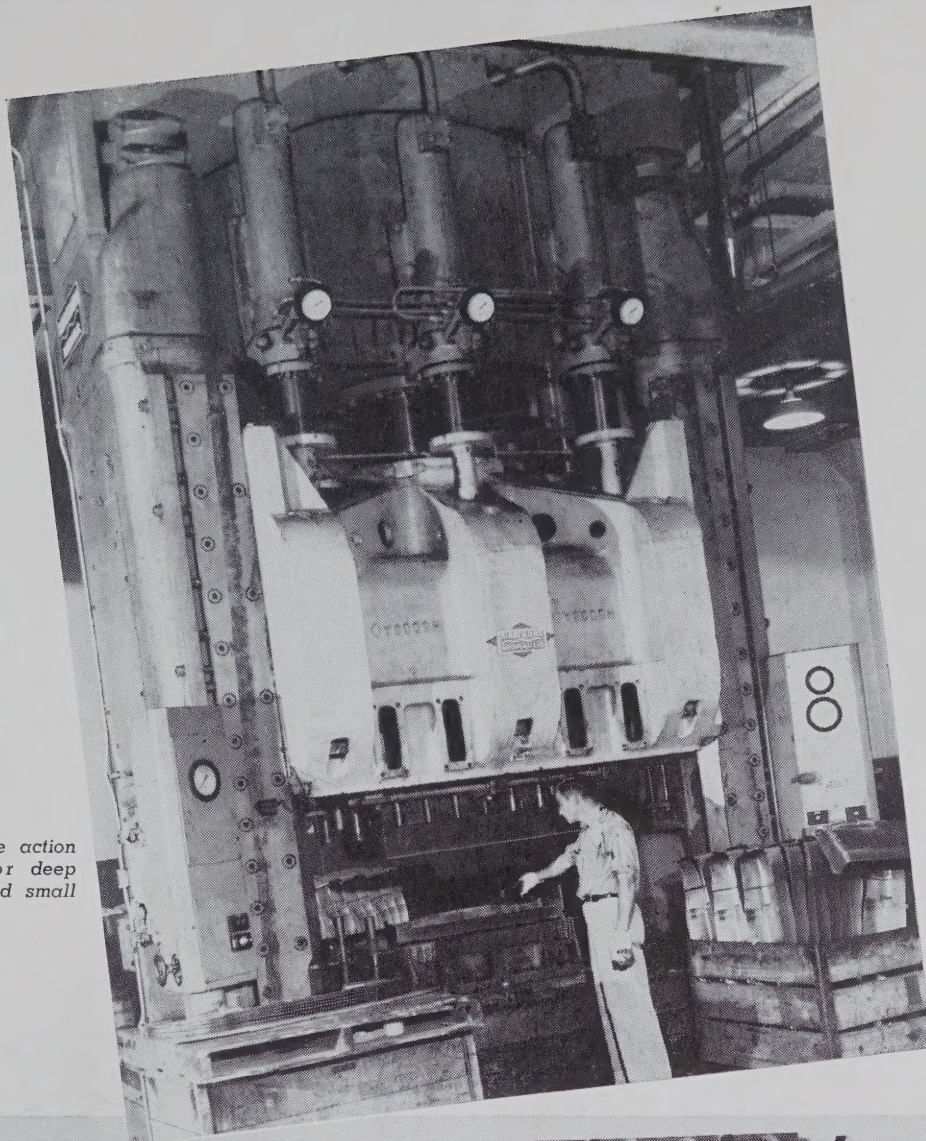
STEEL CASTINGS (Carbon and Alloy, Birdsboro 30 Steel)

Railway passenger car truck castings
Freight car truck side frames and bolsters
Miscellaneous car and locomotive castings
Castings for ships, dredges, machinery and general industrial purposes
Castings utilized in manufacture of machinery in our own shops
Precision castings
Castings made by the Randupson Process

ROLLS FOR ALL PURPOSES

Carbon Steel Rolls, Special Alloy Steel Rolls, Birdsboro Special, Diamondite, Durite, Birdsboro "50", Birdsboro "40", Birdsboro "30", Grainloy, Superloy, Birdsboro Metal and Curoloy.

Large 750-ton double action hydraulic press for deep drawing of large and small sheet metal parts.



Largest Deep Frame Jaw Crusher ever built. Size 66" x 84" with crushing capacity of 900 to 1000 tons per hour.

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